

Message Text

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FM SECSTATE WASHDC

TO USDEL SECRETARY PRIORITY

C O N F I D E N T I A L STATE 125176 TOSEC 130106

FOL TEL SENT ACTION SECSTATE INFO NAIROBI FROM OECD PARIS

DTD 20 MAY 1976 QUOTE

C O N F I D E N T I A L OECD PARIS 14976

FROM BOEKER

E.O. 11652: GDS

TAGS: ETRD, UNCTAD

SUBJECT: TALKING POINTS ON UNCTAD IV FOR KISSINGER-
GENSCHER MEETING

REF: STATE 123464

1. BACKGROUND

AT THIS CRUCIAL POINT IN THE UNCTAD IV NEGOTIATIONS,
SEVERAL EC COUNTRIES ARE PRESSING FOR A MAJOR CONCESSION
ON THE UNCTAD COMMON FUND--BASICALLY ACCEPTING THE FUND
IN PRINCIPLE, BUT LEAVING FINANCIAL COMMITMENTS OPEN.
THE GERMANS ARE HOLDING OUT, WITH THE U.K. STANDING
BEHIND THEM. THERE IS A FIGHT ON THIS ISSUE WITHIN THE
FRG. BASICALLY FOREIGN OFFICE UNDER SECRETARY HERMES
WANTS TO MAKE THIS CONCESSION, BOTH FOR EC AMITY AND
LDC PURPOSES. ECONOMICS MINISTER FRIDERICH
IS RESISTING, BUT CONCERNED THE U.S. MAY LEAVE THE FRG
ALONE. GENSCHER HAS SAID HE WANTS TO TALK TO YOU
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BEFORE HE TAKES A STAND. YOU CAN STIFFEN GENSCHER'S

BACKBONE ON THIS BY TELLING HIM FRANKLY HOW FAR WE CAN
AND CANNOT GO.

2. TALKING POINTS

THE COMMON FUND IS AT BEST A WASTEFUL AND AT WORST A
DANGEROUS PROPOSAL. WE SHOULD NOT PAMPER THE LDCS
ON THIS.

THEY HAVE FOOLISHLY MADE THE COMMON FUND THEIR
POLITICAL BANNER AT UNCTAD IV, SO WE WILL HAVE TO DEAL
WITH IT, BUT IN A WAY WHICH GIVES IT NO REAL LIFE.

OUR RESPONSE WAS A NEW POSITION ON BUFFER STOCK FINANC-
ING, PLUS THE RESOURCE BANK. THIS RESPONSE MEETS THE
ECONOMIC PROBLEM WITHOUT CREATING A POTENTIAL BANKROLL
FOR OTHERWISE UNSOUND COMMODITY ARRANGEMENTS. WE WILL
STICK TO THIS POSITION.

WHAT WE CAN GIVE THE LDCS IN THE END IS FURTHER STUDY
OF COMMON FINANCING MECHANISMS FOR BUFFER STOCKS. THE
BEST WAY TO FRAME THIS WOULD BE TO SAY THAT AFTER THE
TWO-YEAR TIMETABLE OF COMMODITY DISCUSSIONS IS COMPLETED,
AND MAYBE ONE OR TWO NEW BUFFER STOCKS ARE CREATED,
THEN WE WOULD STUDY THE EFFICIENCY AND NEED FOR
COMMON FINANCING (WHETHER THROUGH THE COMMON FUND OR
THE IRB). THIS FORMULA, SIMILAR TO ONE PROPOSED
BY FOURCADE, WOULD HOPEFULLY AMOUNT TO A DECENT BURIAL
FOR THE COMMON FUND.

3. ACTION REQUESTED

U.S. DEL NAIROBI WILL BE GREATLY ASSISTED BY A PROMPT
REPORT OF THE SECRETARY'S TALK WITH GENSCHER ON UNCTAD
MATTERS.

TURNER UNQTE ROBINSON

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